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Carol P Zembach
Signature

**UNITED STATES PATENT AND TRADEMARK OFFICE
 TRADEMARK TRIAL AND APPEAL BOARD**

Registration No.: 2,666,400
Mark: K 326
Registered: December 24, 2002

<p>CROSS CREEK SEED, INC., and COATING SUPPLY, INC.,</p> <p style="text-align: center;">Petitioners,</p> <p style="text-align: center;">v.</p> <p>F.W. RICKARD SEEDS, INC.,</p> <p style="text-align: center;">Registrant.</p>	<div style="text-align: right;">  06-16-2003 <small>U.S. Patent & TMO/TM Mail Rcpt Dt. #74</small> </div> <p style="text-align: center;">Cancellation No. 92041792</p> <div style="text-align: right; font-size: small;"> 03 JUN 27 AM 9:31 TRADEMARK TRIAL AND APPEAL BOARD </div>
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**REPLY IN FURTHER SUPPORT OF REGISTRANT'S MOTION TO SUSPEND
 PROCEEDINGS PENDING OUTCOME OF FEDERAL COURT LITIGATION**

Pursuant to Trademark Trial and Appeal Board Manual of Procedure ("TBMP") § 502.03, Registrant F.W. Rickard Seeds, Inc. ("Registrant") submits this reply brief in further support of its motion to suspend this cancellation proceeding pending resolution of ongoing federal court litigation between the parties concerning the registration at issue in this proceeding.

- 1. Petitioners Do Not Contest that the Issues Involved in This Proceeding is Identical to Issues Explicitly Raised in the U.S. District Court Litigation.***

Nowhere in Petitioners' opposition brief do Petitioners contest that the issues they raise in this cancellation proceeding is identical to issues before the United States District Court in the



earlier-filed court litigation. Nor could they, for after Registrant filed this motion to suspend, petitioner Cross Creek formally amended its counterclaim in the U.S. District Court litigation to specifically request cancellation, pursuant to 15 U.S.C. § 1119, of the Registration at issue here. (See Exh. D.) Accordingly, there is no dispute that there is pending “a civil action which may have a bearing on,” see 37 C.F.R. § 2.117(a), and, in fact, may well be dispositive of, this case.

2. ***Petitioners’ Excuses Why The Board Should Simultaneously Address the Same Issue that the United States District Court is Addressing Lack Merit.***

Because the issues in this case and issues in the earlier-filed U.S. District Court litigation are identical, Petitioners must resort to diversion. But Petitioners’ arguments find no support in the Board’s rules or precedents, or in policy.

a. **Petitioners’ Later-Filed, Pre-Discovery Summary Judgment Motion Is an Impermissible Attempt to End Run Around 37 C.F.R. § 2.117(a) and Will Mire the Parties and the Board in Unnecessary Further Litigation.**

Petitioners first invite the Board to rule first on their pre-discovery motion for summary judgment, hastily filed after receiving Registrant’s motion to suspend. The Board should not be drawn into this for several reasons.

At the threshold, Petitioners misstate the Board’s well-established rule and precedents.

The TBMP makes clear that:

If there is pending at the time when the question of suspension of proceedings before the Board is raised, a motion which is potentially dispositive of the case, the potentially dispositive motion may be decided before the question of suspension is considered. The purpose of this practice is to prevent a party served with a potentially dispositive motion from escaping that motion by filing a civil action and then moving to suspend before the Board has decided the potentially dispositive motion.

TBMP § 510.02(a) (citations omitted) (emphasis added). Petitioners seek to turn this rule on its head. Their motion for summary judgment was filed *after* Registrant filed its motion to suspend.

The rule, however, contains nothing that would authorize deciding a *later*-filed dispositive motion, much less one cobbled together to derail comprehensive treatment of the issues in pending, active, and earlier-filed lawsuit. Apparently ignoring the irony, Petitioners seek to use TBMP § 510.02(a)—which is designed to prevent forum-shopping—to legitimize the very practice the rule condemns. Moreover, Petitioners' unprecedented proposal would lead to duplication and increased expense, results that would run counter to the goals of an explicit regulation (37 C.F.R. § 2.117(a)) specifically designed to avoid the increased cost and effort associated with parallel proceedings.

Nor does *any* of the TTAB decisions cited by Petitioners provide the necessary authority for the proposition Petitioners advance—that the Board may ignore a pending motion to suspend in order to grant a subsequent dispositive motion filed by the party opposing suspension:

- In *Continental Specialties Corp. v. Continental Connector Corp.*, 192 USPQ 449 (TTAB 1976), the Board specifically noted that it was entertaining the motion to dismiss before the motion to suspend because the motion to dismiss was filed first. *Id.* at 450.
- In *Toro Co. v. Hardigg Industries, Inc.*, 187 USPQ 689 (TTAB 1975), the same party who moved to suspend specifically asked the Board to entertain its summary judgment motion first. *See id.* at 690 n.8. Similarly, in *Allegro High Fidelity, Inc. v. Zenith Radio Corp.*, 197 USPQ 550 (TTAB 1977), the same party who moved to suspend later moved for summary judgment. *See id.* at 551. In that circumstance, the Board decided the merits-related motions first. So neither *Toro* nor *Allegro* supports the notion that the party *opposing* suspension can file a subsequent dispositive motion to escape the motion to suspend. (In *Allegro*, there was also an *earlier*-filed motion for default judgment. *See id.*)
- In *Argo & Co. v. Carpetsheen Manufacturing, Inc.*, 187 USPQ 366 (TTAB 1975), there was no finding that the motion for judgment was filed before the motion to suspend. In any event, the Board summarily *denied* the motion for judgment as a prelude to addressing and granting the motion to suspend. *See id.* at 367. Thus, this case at most stands for the proposition that the Board may summarily *deny* a potentially dispositive motion before suspending the proceeding.
- In *The Other Telephone Co. v. Connecticut National Telephone Co.*, 181 USPQ 779 (Comm'r of Patents 1974), the Commissioner noted that the Board had not clearly erred or abused its discretion by *denying* a motion for summary judgment filed after a

motion to suspend on the *non-merits ground* that the nonmovant on summary judgment reasonably postponed taking discovery on the summary judgment motion because it believed that the civil action—which was the basis for the motion to suspend—would dispose of the matter. *See id.* at 780-81. Consequently, this decision does *not* support the proposition that the Board may, as Petitioners demand, reach and *grant* a later-filed summary judgment motion, on the *merits*, adversely to the position of the suspension movant.

An additional reason to reject Coating Supply's frantic attempt to conclude the merits of this proceeding is that, for Registrant to defend against (and for the Board to adjudicate) Petitioners' summary judgment motion, discovery will be required. "The Supreme Court has made clear that summary judgment is inappropriate unless a tribunal permits the parties adequate time for discovery." *Burnside-Ott Aviation Training Ctr., Inc. v. United States*, 985 F.2d 1574, 1582 (Fed. Cir. 1993) (citing *Celotex Corp. v. Catrett*, 477 U.S. 317, 326, 106 S. Ct. 2548, 2554 (1986)) (further citation omitted). "Indeed, summary judgment should 'be refused where the nonmoving party has not had the opportunity to discover information that is essential to [its] opposition.'" *Id.* (citation omitted).

Here, Petitioners have only recently filed this proceeding, and Registrant has moved to suspend the proceeding at the earliest opportunity—indeed, on the very same day it was required to answer the Petition. Obviously, with this proceeding in its infancy and a motion to suspend pending right at the outset, no discovery has yet taken place. Registrant, however, cannot fairly oppose the motion for summary judgment without the benefit of substantial discovery. For instance, there are substantial questions concerning Petitioner Coating Supply's standing to assert its claims (*see infra* at 6-7), yet the only affirmative evidence offered by Petitioner is a declaration from Coating Supply's president. Registrant will need to engage in discovery (including document requests and depositions) of Coating Supply representatives in order to test

Coating Supply's standing, as well as the evidence it purports to offer on the merits.¹ Obviously, these required discovery proceedings will preclude any sprint to a final decision in this proceeding before the merits can be reached in the earlier-filed U.S. District Court litigation. In addition, allowing such discovery to proceed in this forum also runs counter to the purposes underlying 37 C.F.R. § 2.117(a)—the avoidance of unnecessary expense and effort before the Board when a pending, earlier-filed U.S. District Court action is addressing the same merits issue.

b. Petitioners' Excuse that Coating Supply is Not Currently a Party, or in Privity with a Party, to the U.S. District Court Litigation is Both Legally and Factually Insufficient to Avoid Suspension.

Petitioners also argue that one of them, Coating Supply, Inc., is not a party to the U.S. District Court litigation and "lacks privity" with the other (Cross Creek, which is a party to the court litigation), and so would be denied its day in court were the Board to suspend this proceeding. There are several problems with this argument.

First, the Board's rules expressly permit suspension under 37 C.F.R. § 2.117(a) even if the other proceeding is one "in which only one of the parties is involved." TBMP § 510.02(a) (citation omitted). Here, both Registrant and Petitioner Cross Creek—*i.e.*, two of the parties to this proceeding—are parties to the U.S. District Court litigation. Thus, the fact that the other Petitioner is not, at present, a party (or allegedly in privity with a party) to the U.S. District Court litigation is not a valid ground for denial of the motion to suspend.

Second, even if the asserted lack of participation or privity were a cognizable basis to avoid suspension, Coating Supply's representation that it lacks privity with Cross Creek is too

¹ Accordingly, Registrant is presenting, concurrent with this brief, a conditional request for a Fed. R. Civ. P. 56(f) continuance to take discovery concerning Coating Supply's standing to petition for cancellation and relating to the facts alleged in Coating Supply's declaration in support of summary judgment.

conclusory to support such a finding. All that Coating Supply avers concerning lack of privity is that the "Petitioners do not have any officers, directors, or shareholders in common." (Trias Decl. at ¶ 2.) The Federal Circuit has made clear, however, that "[w]hether two parties are in privity depends on the nature of their relationship in light of the [acts at issue]. . . . *Assessing a relationship for privity involves evaluation of all direct and indirect contacts.*" *Mentor Graphics Corp. v. Quickturn Design Sys., Inc.*, 150 F.3d 1374, 1379 (Fed. Cir. 1998) (citations omitted; emphasis added); *see also International Nutrition Co. v. Horphag Research, Ltd.*, 220 F.3d 1325, 1329 (Fed. Cir. 2000) ("A variety of relationships between two parties can give rise to the conclusion that a nonparty to an action is 'in privity' with a party to the action . . ."). Putting aside that, under TBMP 510:02(a), not all parties to the cancellation need simultaneously be parties to court litigation, Coating Supply's bare assertion that "Petitioners do not have any officers, directors, or shareholders in common" does not begin to scratch the surface of the issue of privity,² and provides an inadequate factual basis for the Board to make the factual finding that Coating Supply and Cross Creek are not in privity.

Third, Registrant has asserted the defense that the Petitioners lack standing to bring this action. In particular, nothing alleged in the Petition would, if true, demonstrate that Coating Supply is something more "than an intermeddler" or that it possesses the required personal interest in the outcome of the case beyond that of the general public. *See Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1029-30 (C.C.P.A. 1982). "The party seeking cancellation must prove two elements: (1) that it has standing; and (2) that there are valid grounds for

² Petitioners' conclusory statements in their *brief* that there is no privity provide no basis for the Board to so find. *See, e.g., Johnston v. IVAC Corp.*, 885 F.2d 1574, 1581 (Fed. Cir. 1989) ("Attorneys' argument is no substitute for evidence.") And even if Coating Supply had averred specific facts that, by themselves, would reasonably permit the factual finding the no privity existed, fairness would dictate that Registrant have an opportunity to take discovery on this issue and be permitted to present countervailing evidence before the Board made any such factual finding in ruling on the motion to suspend.

canceling the registration.” *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 945 (Fed. Cir. 2000). A petitioner must both plead and then prove facts supporting standing, or the Board is powerless to address the merits of the petition to cancel. *See, e.g., Jewelers Vigilance Committee, Inc. v. Ullenberg Corp.*, 823 F.2d 490, 493 (Fed. Cir.1987).³ While “[i]n most settings, a direct commercial interest satisfies the ‘real interest’ test,” *Herbko International, Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 1161 (Fed. Cir. 2002) (citing *Cunningham*, 222 F.3d at 945), nothing in the Petition or in the Trias declaration supplies the requisite averments of fact to demonstrate such a direct commercial interest. But even if Coating Supply’s allegations were sufficient to demonstrate, if true, that it has standing, Registrant would be entitled to take discovery on its standing defense—and, depending on what discovery uncovers, to move to dismiss for lack of standing—before the Board can make a factual finding that standing exists and thereafter address the merits of Coating Supply’s allegations. These additional proceedings, necessary to resolve the preliminary issue of standing, will undoubtedly cost the parties money and may take up valuable resources of the Board, and thus run counter to the policy behind 37 C.F.R. § 2.117(a).

Finally, assuming for purposes of argument that Coating Supply in fact has standing to pursue this Petition, the same facts that would give it standing in this proceeding would likely permit it to intervene in the U.S. District Court litigation under FED. R. CIV. P. 24. As a result, Coating Supply’s fear that it will have no forum to air its cancellation claim is illusory. In the Fourth Circuit, where the earlier-filed U.S. District Court litigation is pending, to intervene as of right under Rule 24(a), the putative intervenor must show that: (1) the application to intervene is

³ The Supreme Court, as well, has repeatedly made it abundantly clear that the question of standing must be resolved before a tribunal can reach and decide the merits of a claim. *See, e.g., Steel Co. v. Citizens for a Better Environment*, 523 U.S. 83, 94, 118 S. Ct. 1003, 1012 (1998), *Whitmore v. State of Arkansas*, 495 U.S. 149, 154, 110 S. Ct. 1717, 1722 (1989).

timely; (2) he has an interest in the subject matter of the underlying action; (3) the denial of the motion to intervene would impair or impede his ability to protect his interest; and (4) his interest is not adequately represented by the existing parties to the litigation. FED. R. CIV. P. 24(a); *Houston Gen. Ins. Co. v. Moore*, 193 F.3d 838, 839 (4th Cir. 1999). Under Rule 24(b), permissive intervention is appropriate “when an applicant’s claim or defense and the main action have a question of law or fact in common.” and “the intervention will unduly delay or prejudice the adjudication of the rights of the original parties.” See, e.g., *In re Sierra Club*, 945 F.2d 776, 779 (4th Cir. 1991). If the statements in Petitioners’ brief are to be believed, Coating Supply should easily be able to satisfy either standard and participate in its co-Petitioner’s cancellation counterclaim in the U.S. District Court litigation. Moreover, to ensure that Coating Supply is entitled to participate in the earlier-filed U.S. District Court litigation, Registrant hereby commits that it will not oppose any motion to intervene that Coating Supply files in the U.S. District Court litigation.

In sum, Coating Supply’s lament that suspension will leave it bereft of a forum to air its claim of cancellation rings hollow.⁴

⁴ Indeed, the fact that Coating Supply eschewed joining forces with Cross Creek in the already pending U.S. District Court litigation—and instead joined forces with Cross Creek to subsequently file this cancellation proceeding—strongly suggests that Coating Supply’s *real* concern is not its *lack* of a forum, but *forum shopping*.

CONCLUSION

For the reasons set forth herein and in Registrant's motion, Registrant prays that this petition to cancel be suspended pending the outcome of the U.S. District Court litigation.

Respectfully submitted,



Dated: June 13, 2003

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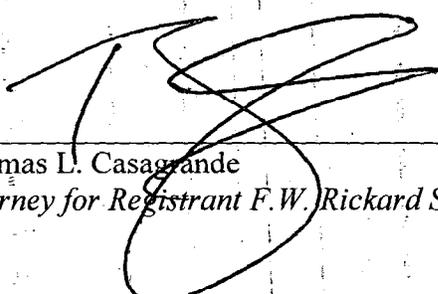
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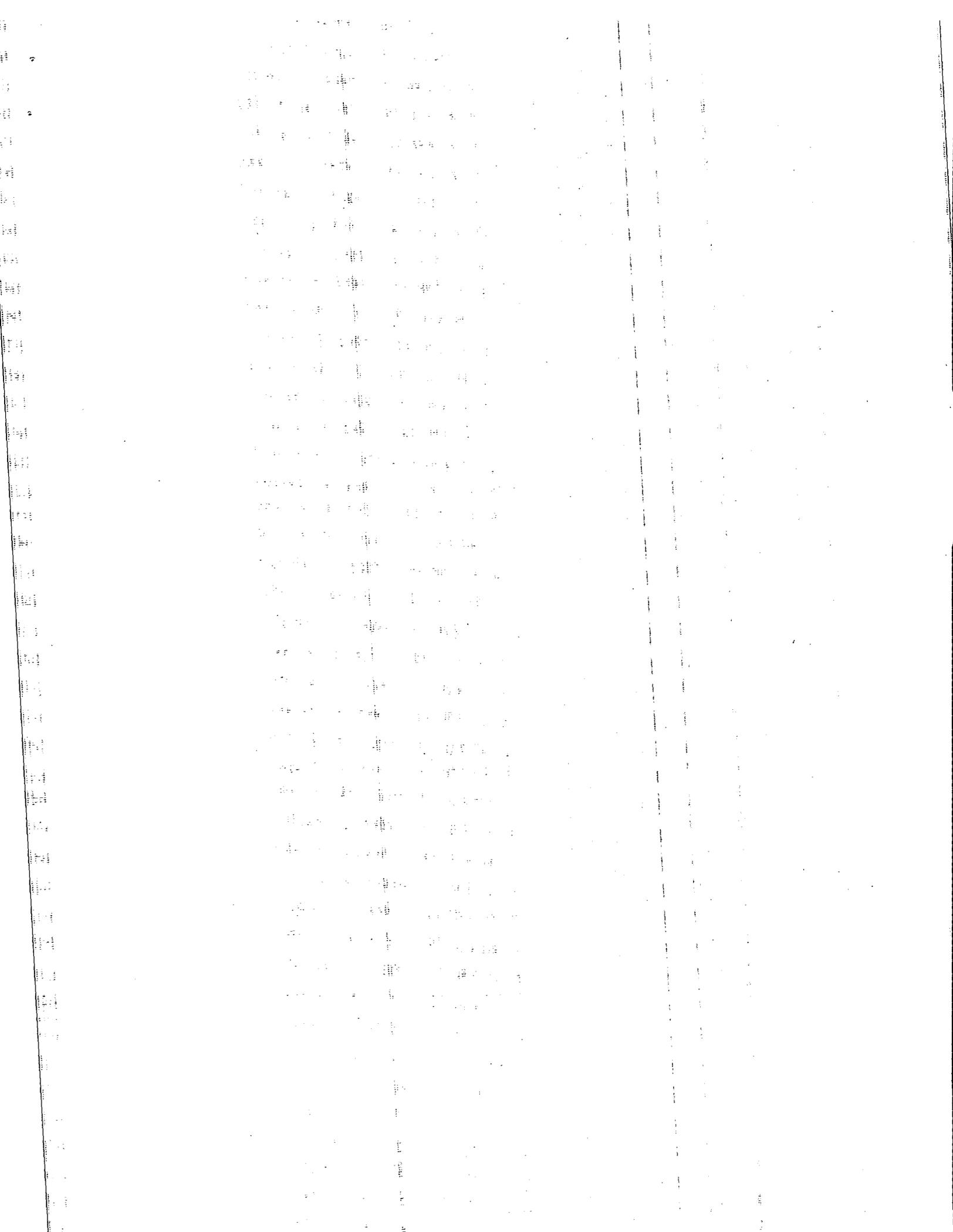
CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **REPLY IN FURTHER SUPPORT OF REGISTRANT'S MOTION TO SUSPEND PROCEEDINGS PENDING OUTCOME OF FEDERAL COURT LITIGATION** has been served on June 13, 2003 by first class mail, postage prepaid, on:

Kenneth S. Kaufman, Esq.
Garson & Associates, LLC
7735 Old Georgetown Road, Suite 550
Bethesda, MD 20814



Thomas L. Casagrande
Attorney for Registrant F.W. Rickard Seed, Inc.



5. Admitted.
6. Admitted.
7. Admitted.
8. The factual allegations of paragraph 8 that Plaintiff, F.W. Rickard, was founded in 1937 and that F.W. Rickard has ownership of a number of Plant Variety Protection ("PVP") Certificates, specifically the expired certificate 830070 for K 236 variety tobacco seed are admitted. As to the remaining allegations, they are statements of opinion, incapable of admission or denial. Defendants have insufficient information to form a belief as to their truth or falsity, and therefore same are denied.
9. It is denied that Northrup King Company originally developed the K 326 tobacco variety tobacco seed. It is admitted that K 326 is resistant to root knot nematode. As to the remaining allegations, they are statements of opinion, incapable of admission or denial. Defendants have insufficient information to form a belief as to their truth or falsity, and therefore same are denied.
10. Admitted.
11. Admitted, on information and belief.
12. As to the allegations in Paragraph 12, these Defendants have insufficient information to form a belief as to their truth or falsity, and therefore same are denied.
13. As to the allegations in Paragraph 13, these Defendants are informed and believe that Gold Leaf is the exclusive licensee and distributor of K 326 variety tobacco seed for F. W. Rickard Seeds in the United States.
14. Admitted.
15. Admitted.

16. As to the allegations of paragraph 16, it is denied any Defendant has offered to sell foundation seed of K 326 variety tobacco. The remaining allegations are admitted.
17. Denied.
18. Admitted.
19. As to the allegations in Paragraph 19, it is admitted, upon information and belief, that Plaintiffs and F.W. Rickard's predecessors have marketed the K 326 variety for 18 years. As to the remaining allegations in Paragraph 19, these Defendants have insufficient information to form a belief as to their truth or falsity, and therefore same are denied.
20. As to the allegations in Paragraph 20, Defendants are informed and believe the allegations that F.W. Rickard has filed a trademark application are true, and therefore admitted. Defendants are further informed and believe that said application has not been formally approved for registration.
21. Admitted, except Defendants deny K 326 is a mark requiring authorization from Plaintiffs to legally use.

SECOND DEFENSE COUNT I-PVPA INFRINGEMENT

22. Defendants incorporate their answers as stated above in paragraphs 1-21.
23. As to the allegations in paragraph 23 of Plaintiffs' Complaint, it is admitted that Defendants did not have a license or other authorization from Plaintiffs to sexually reproduce or otherwise propagate the tobacco seed variety known as K 326 during the term of the 8300070 certificate. As to the remaining allegations, the terms of the Tobacco Seed Agreement speak for themselves. The allegations, in so far as they may

be construed to state Defendants have breached the Tobacco Seed Agreement, and otherwise, are denied.

24. As to the allegations in paragraph 24, it is denied that Defendants have infringed Plaintiffs' rights under the PVPA signified by the 830070 certificate in any way prior to its expiration. Defendants have done none of the acts alleged by Plaintiffs as violating 7 U.S.C. §2541(a)(3)(5) & (8).
25. The factual allegations of paragraph 25, being contained in the second and third sentences of said allegation and based upon Plaintiffs' information and belief, are denied. The allegation of that paragraph's first sentence is question of law not requiring answer, but to the extent the allegation does require answer, the statutory provision speaks for itself and is otherwise admitted.
26. Denied.
27. As to the allegations in Paragraph 27, these Defendants have insufficient information to form a belief as to their truth or falsity, and therefore same are denied. It is specifically alleged, however, that Plaintiffs are not entitled to any of the relief requested.

THIRD DEFENSE COUNT II-BREACH OF CONTRACT

28. Defendants re-allege and incorporate their answers in paragraphs 1-27 above.
29. Defendants specifically deny they are offering any K 326 seed retained from plants grown from seed stock provided by either Plaintiff, and that they are in breach of any applicable Tobacco Seed Agreement contract. Any remaining allegations are denied.
30. Denied.
31. Denied.
32. Denied.

FOURTH DEFENSE COUNT III-CONVERSION

- 33. Defendants re-allege and incorporate their answers in paragraphs 1-32 above.
- 34. Denied.
- 35. Denied.
- 36. Denied.
- 37. Denied.

FIFTH DEFENSE COUNT IV-RETURN OF CHATTEL

- 38. Defendants re-allege and incorporate their answers in paragraphs 1-37 above.
- 39. Denied.
- 40. Denied.

SIXTH DEFENSE COUNT V-UNJUST ENRICHMENT

- 41. Defendants re-allege and incorporate their answers in paragraphs 1-40 above.
- 42. Defendants have not made any sales of seed retained from seed produced under their Tobacco Seed Agreement, or progeny of said seed. Therefore, Plaintiffs allegations are speculative at best and do not require answer. To the extent answer is required, the allegations in paragraph 42 are denied.
- 43. Defendants have not made any sales of seed retained from seed produced under their Tobacco Seed Agreement, or progeny of said seed. Plaintiffs allegations are speculative at best and do not require answer. To the extent answer is required, the allegations in paragraph 43 are denied.
- 44. Defendants have not made any sales of seed retained from seed produced for either Plaintiff or progeny of said seed, and therefore have not retained any benefits from any

such sales. Plaintiffs allegations are speculative at best and do not require answer. To the extent answer is required, the allegations in paragraph 44 are denied.

45. Denied.

SEVENTH DEFENSE VI-LANHAM ACT VIOLATION

46. Defendants re-allege and incorporate their answers in paragraphs 1-45 above.

47. As to the allegations of paragraph 47 that allege any actions of Defendants described falsely indicate to consumers that Defendants' activities are approved, sponsored, or licensed by Plaintiffs, or that Defendants are affiliated or associated with Plaintiffs, they are denied. In further defense, any reference by Defendants to K 326 variety tobacco seed offered for sale is required by federal statute and regulation.

48. Denied.

49. Denied.

50. Denied.

JURY DEMAND

51. Defendants join in Plaintiffs' demand for trial by jury.

FIRST COUNTERCLAIM-VIOLATION OF PVPA

52. The allegations in paragraphs 1 through 5 of Plaintiffs' Complaint are incorporated by reference and re-alleged herein.

53. Defendants' counterclaims arise under the Plant Variety Protection Act, 7 U.S.C. § 2401

et. seq., and Lanham Act, 15 U.S.C. §§ 1125 and 1064. Subject matter jurisdiction is proper under 28 U.S.C. §§1331 & 1338 and 15 U.S.C. §1121. Diversity jurisdiction exists under 28 U.S.C. §1332.

54. Venue is proper under 28 U.S.C. §1391.
55. Plaintiffs are engaged in the following acts prohibited by 7 U.S.C. §2568(a):
 - a. Using the words "U.S. Protected Variety" to import that Gold Leaf Seed material is a variety protected under certificate, when it is not.
 - b. Using the phrase "Unauthorized Seed Multiplication Prohibited" without reasonable basis.
56. Defendant, Cross Creek Seed Inc., is engaged in the business of selling seed, including tobacco seed. Defendant's business is, or is likely to be, damaged by Plaintiffs acts prohibited by 7 U.S.C. § 2568(a).
57. Defendant, Cross Creek Seed, Inc. is subjected to competition by Plaintiffs in connection with which those acts alleged above are performed.
58. Defendants are entitled to relief pursuant to 7 U.S.C. § 2568(c).

SECOND COUNTERCLAIM-VIOLATION OF LANHAM ACT

59. The allegations on paragraph 52-57 above are incorporated herein by reference and realleged.
60. Cross Creek Seed, Inc. is currently marketing its K326 variety tobacco seeds under the Cross Creek trademark.
61. Plaintiffs are competitors of Cross Creek Seed, Inc. and have made false claims to the marketplace, *inter alia*, that
 - (a) Plaintiffs have trademark rights in "K 326";

- (b) Plaintiffs are marking a TM on their packaging of K326 variety tobacco seed;
 - (c) Plaintiffs are claiming they are the sole party who can sell K326 variety tobacco seed;
 - (d) Plaintiffs are claiming that Defendants cannot legally market K326 variety tobacco seed; and
 - (e) Plaintiffs are claiming Defendants are infringing on Plaintiffs' intellectual property, including their "trademark" of K326.
62. Plaintiffs' product labeling activities misrepresent the nature, characteristics and quality of their goods.
63. Plaintiffs' false claims of infringement by Defendants of Plaintiffs' "trademark" misrepresent the nature, characteristics and quality of Defendants' goods.
64. Defendants are informed and believe, and therefore allege, that Plaintiffs have and are now marketing K326 variety tobacco seed as being trademarked, as well as enjoying continuing under the protection of the Plant Variety Protection Act.
65. Defendants are informed and believe, and therefore allege, that Plaintiffs have and are violating the Federal Seed Act, 7 U.S.C. § 1571(d) by offering to sell, in interstate commerce, K326 variety tobacco seed that is falsely labeled and advertised as being trademarked and under the protection of the Plant Variety Protection Act.
66. The conduct of Plaintiffs alleged above constitutes unfair competition in violation of the Lanham Act, 15 U.S.C. § 1125 *et. seq.*
67. Defendants are informed and believe that unless Plaintiffs' unlawful acts of unfair competition are enjoined, they will likely continue, and Defendants, and the public, will suffer irreparable injury.

68. In the alternative, Defendants have been, and will be, damaged by Plaintiffs' unlawful acts of unfair competition, and are entitled to an award of damages as allowed by law.
69. Defendants are informed and believe this claim to be an extraordinary case, entitling them to an award of attorney's fees.

**THIRD COUNTERCLAIM-CANCELLATION OF PLAINTIFF F.W. RICKARD'S
"K 326" TRADEMARK REGISTRATION**

70. The allegations on paragraph 1-69 above are incorporated herein by reference and re-alleged.
71. Plaintiffs' complaint alleges that Plaintiff F.W. Rickard filed a trademark application with the United States Patent and Trademark Office ("USPTO") on March 6, 2002 for the mark "K 326" for use in connection with "Tobacco seeds, seedlings, plantlets and plants" (Application Serial No. 76/378,772).
72. Plaintiffs' complaint alleges that Defendants unauthorized use of the mark "K 326" in connection with Defendants sale of K 326 tobacco seed violates Plaintiff F.W. Rickard's rights in the mark "K 326."
73. Plaintiff F.W. Rickard's trademark application for the "K 326" mark matured to federal registration on December 24, 2002 and was assigned Registration Number 2,666,400 from the USPTO.
74. K326 is the alphanumeric name for a tobacco varietal for which the United States Department of Agriculture ("USDA") issued Plant Variety Protection Certificate No. 8300070 (the "Certificate") on March 26, 1984 pursuant to the Plant Variety Protection Act (the "PVPA"), 7 U.S.C. § 2481.
75. The Certificate covered the propagation, processing and marketing of the K326 variety of tobacco for a period of eighteen years from the March 26, 1984 date of issuance.

The Certificate expired on March 26, 2002. On information and belief, Plaintiff F.W. Rickard and/or its affiliate(s) owned the rights provided under the Certificate at the time it expired. Upon the Certificate's expiration, Plaintiff F.W. Rickard and/or its affiliate(s) lost the exclusive rights to the propagation, processing and marketing of the K326 variety seed.

76. It is well established that the variety name of a plant or seed is a generic designation of that particular plant or seed and, consequently, that variety plant and seed names are not eligible for trademark protection.

77. In accordance with the rule that plant and seed variety names are incapable of obtaining trademark protection, trademark examiners at the USPTO are specifically required to prohibit plant and seed variety names from registering as trademarks. As stated in the Trademark Manual of Examining Procedure ("TMEP") § 1202.12

Varietal and Cultivar Names (Examination of Applications for Seeds and Plants) (3d ed. 2002):

If the examining attorney determines that wording sought to be registered as a mark for live plants or agricultural seeds comprises a varietal or cultivar name, the examining attorney must refuse registration, or require a disclaimer, on the ground that the matter is the varietal name of the goods and does not function as a trademark under §§ 1, 2 and 45 of the Trademark Act, 15 U.S.C. §§ 1051, 1052 and 1127. *See Dixie Rose Nursery v. Coe*, 131 F.2d 446, 55 USPQ 315 (D.C. Cir. 1942), cert. denied 318 U.S. 782, 57 USPQ 568 (1943); *In re Hilltop Orchards & Nurseries, Inc.*, 206 USPQ 1034 (TTAB 1979); *In re Farmer Seed & Nursery Co.*, 137 USPQ 231 (TTAB 1963); *In re Cohn Bodger & Sons Co.*, 122 USPQ 345 (TTAB 1959). . . . A varietal or cultivar name is used in a plant patent to identify the variety. Thus, even if the name was originally arbitrary, it "describe[s] to the public a [plant] of a particular sort, not a [plant] from a particular [source]." *Dixie Rose*, 131 F.2d at 447, 55 USPQ at 316. It is against public policy for any one supplier to retain exclusivity in a patented variety of plant, or the name of a variety once its patent expires. *Id.*

78. Plaintiff F.W. Rickard's "K 326" mark is the varietal name for a particular variety of tobacco seed. As a varietal name for a particular variety of tobacco seed, Plaintiff's "K 326" mark is a generic term and, thus, incapable of obtaining federal registration. Consequently, it was clear error for the examining attorney to accept Plaintiff F.W. Rickard's mark, which should have been refused by the USPTO as a matter of law.
79. Upon information and belief, Plaintiff F.W. Rickard obtained the registration for "K 326" through fraud, as evidenced by its willful and knowing failure to inform the United States Patent and Trademark Office of the varietal nature of "K 326," presumably in an improper attempt to extend by other means the effective life of the expired Certificate.
80. Pursuant to section 201(d) of the Federal Seed Act, 7 U.S.C. § 1571(d), and the USDA's implementing regulations at 15 C.F.R. § 201.34d, Defendants, as well as other entities engaged in propagating, processing and marketing the K326 variety seed, are required to use the varietal name K326 on their product labeling and advertising for their K326 variety seed.
81. Because Defendants are required under federal law to use the K326 varietal name in connection with the K326 variety seed they market, Defendants are now and will in the future be damaged by Plaintiff F.W. Rickard's trademark registration for "K 326" (Registration No. 2,666,400) which purportedly grants Plaintiff F.W. Rickard the exclusive right to use the term "K 326" in connection with the sale of tobacco seed.
82. Accordingly, Defendants pray that Registration No. 2,666,400 for the mark "K 326" be cancelled and that the Court award whatever additional relief it deems just and proper.

**FOURTH COUNTERCLAIM-DECLARATORY JUDGMENT THAT PLAINTIFFS
HAVE NO TRADEMARK RIGHTS IN "K 326"**

83. The allegations on paragraph 1-82 above are incorporated herein by reference and re-
alleged.
84. Plaintiffs F.W have made false claims to the marketplace, that Plaintiffs have
trademark rights in "K 326."
85. Plaintiffs are marking a TM on their packaging of K 326 variety tobacco seed adjacent
their use of "K 326," thus, indicating that Plaintiffs are asserting trademark rights in
"K 326."
86. "K 326" is the varietal name for a particular variety of tobacco seed. As a varietal name
for a particular variety of tobacco seed, "K 326" mark is a generic term and, thus,
inherently incapable of functioning as a trademark.
87. Given the generic nature of the "K 326" name, Plaintiffs do not and cannot possess any
common law trademark rights in "K 326."
88. Pursuant to section 201(d) of the Federal Seed Act, 7 U.S.C. § 1571(d), and the USDA's
implementing regulations at 15 C.F.R. § 201.34d, Defendants, as well as other entities
engaged in propagating, processing and marketing the K326 variety seed, are required to
use the varietal name K326 on their product labeling and advertising for their K326
variety seed.
89. Because Defendants are required under federal law to use the K326 varietal name in
connection with the K326 variety seed they market, Defendants are now and will in the
future be damaged by Plaintiffs assertion of trademark rights in "K 326" and Plaintiffs'
marking a TM on their packaging of K 326 variety tobacco seed adjacent their use of
"K 326."

90. Accordingly, Defendants pray that this Court enter a declaratory judgment declaring that Plaintiffs cannot and do not possess any trademark rights in the "K 326" variety name and that Plaintiffs cannot mark a TM on their packaging of K 326 variety tobacco seed adjacent their use of "K 326."
91. Moreover, Defendants are informed and believe that unless Plaintiffs are enjoined from marking a TM on their packaging of K 326 variety tobacco seed adjacent their use of "K 326," Plaintiffs will likely continue to do so, and Defendants, and the public, will suffer irreparable injury.

JURY DEMAND FOR COUNTERCLAIMS

92. Defendants request trial by jury of their counterclaims.

PRAYER FOR RELIEF

Defendants pray the court as follows:

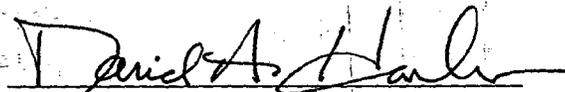
- A. Dismiss Plaintiffs' complaint with prejudice.
- B. Enter a judgment and award of damages from Plaintiffs to compensate Defendants for injury and/or likely injury pursuant to 7 U.S.C § 2568(c).
- C. Issue injunctive relief enjoining Plaintiffs from engaging in unlawful acts in unfair competition with Defendants
- D. Enter judgment in favor of Defendants for recovery of all damages they have sustained as a result of Plaintiffs' unfair competition, and that those damages be trebled pursuant to 15 U.S.C. § 1117(a).
- E. Determine that this matter is an exceptional case and award of attorney fees pursuant to 15 U.S.C. §1117(a).

- F. Cancel Plaintiff F. W. Rickard's trademark registration, Registration. No. 2,666,400, for the mark "K 326" pursuant to 15 U.S.C. § 1064.
- G. Enter a judgment declaring that Plaintiffs cannot and do not possess any trademark rights in the "K 326" variety name and that Plaintiffs cannot mark a TM on their packaging of K 326 variety tobacco seed adjacent their use of "K 326."
- H. Issue injunctive relief enjoining Plaintiffs from marking a TM on their packaging of K 326 variety tobacco seed adjacent their use of "K 326."
- I. For such other and further relief as the Court deems just and proper.

This, the 28th day of May, 2003.

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